



SMALL AND MICRO ENTERPRISES PROGRAM

FACT SHEET 2010



USAID's Small and Micro Enterprise (SME) Development program assists in expanding the economic output of small and micro enterprises, thereby increasing employment and income opportunities among Egypt's low-income entrepreneurs.



OVERVIEW

Since 1990, USAID has been the largest financier of microfinance initiatives in Egypt. Small and micro enterprises (SME) play a significant role in Egypt's economic and social development, making up 98 percent of non-agriculture private sector enterprises and employing 60 percent of Egypt's labor force. Nonetheless, Egypt's commercial financial sector had traditionally done little to serve this market before the introduction of USAID SME development initiatives.

USAID IS ESTIMATED TO SUPPORT MORE THAN 70 PERCENT OF ALL ACTIVITIES IN EGYPT'S MICRO FINANCE SECTOR

USAID has built strong partnerships with nine business associations, two commercial banks, and a private credit guarantee company, thus mobilizing prominent business leaders and leading financial institutions to oversee the delivery of credit and related services to low-income entrepreneurs, with full cost recovery and commercial sustainability.

To date, USAID-supported microfinance institutions have cumulatively extended approximately 7.9 million credit loans valued at LE 13.2 billion (US \$2.4 billion) to more than 3.4 million small and micro entrepreneurs with less than a 3 percent default rate. Through more than 360 specialized branches operating nationwide, these institutions are currently managing an outstanding loan portfolio of LE 1.4 billion (US \$254 million) serving more than one million borrowers.

MORE THAN 65 PERCENT OF CURRENT ACTIVE BORROWERS ARE POOR FEMALE HEADS OF HOUSEHOLD LIVING IN ECONOMICALLY DISADVANTAGED AREAS

These women receive micro loans to run small, often home-based businesses and earn income for their families. The program also gives opportunities to women to participate in periodic forums that promote decision-making and address problems within their businesses and their communities. As a result, USAID microfinance efforts are engendering visible, positive benefits for the welfare of women in Egypt.

USAID IS EXPANDING ITS CURRENT MICROFINANCE PROGRAM IN EGYPT

USAID will focus on the development of the financial sector as a whole, with the aim that sustainability of financial services for poor and low-income households will become an integrated part of the financial system.

USAID also aims to enhance the policy and regulatory environment for microfinance by allowing the creation of a new class of non-bank financial institutions that will have the legal authority to undertake commercial micro lending. This is expected to increase competition and attract investments in the microfinance sector which will in turn increase sector outreach and sustainability.